

**Senate Budget and Fiscal Review Subcommittee #4 on  
Legislative, Executive, Judiciary, Transportation, and  
General Government**

**Senator Joseph Dunn, Chair  
Senator Dick Ackerman  
Senator Denise Ducheny**

**Thursday, March 6, 2003  
Upon Adjournment of Session  
Room 3191**

**The following departments will not be heard.**

2180 Department of Corporations  
2310 Office of Real Estate Appraisers

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#### **Subcommittee No. 4**

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28.50	Agency Reimbursement
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## **0650      Office of Planning and Research**

The Office of Planning and Research (OPR) provides policy research for the Governor on land-use, growth planning issues and California Environmental Quality Act provisions. The budget proposes total expenditures of \$54 million, of which \$4.2 million is from the General Fund. This budget includes federal funding of \$48.3 million for California's AmeriCorps program.

### ***Issues***

**1. Cesar Chavez Day of Learning Grants.** SB 984 (Polanco) of 2000 established Cesar Chavez Day as a state holiday for state employees and authorized school districts to establish a minimum day and provide one hour of instruction on the life of Cesar Chavez. The bill also appropriated annual grants of \$5 million to engage school pupils in community service on Cesar Chavez Day. The program serves more than 300 schools statewide.

The December Revision proposed that the \$5 million annual appropriation for Cesar Chavez Day of Learning Grants be reduced by \$4,750,000 in 2002-03. The Senate rejected this proposal by not adopting the trailer bill language.

The budget further proposes trailer bill language suspending the grants for the 2003-04 through 2005-06 fiscal years.

***Does the Subcommittee wish to adopt the trailer bill language?***

## CONSUMER AFFAIRS

The Department of Consumer Affairs is responsible for promoting consumer protection while supporting a fair and competitive marketplace. The department serves as an umbrella for 18 semi-autonomous boards and 11 bureaus and programs that regulate over 180 professions. The 2003-04 budget for Consumer Affairs, boards, bureaus, and divisions totals \$337 million, which is less than one percent higher than the current year funding.

### 1111 Bureau of Automotive Repair

The budget proposes 3.6 additional personnel years in the current year and 20.2 in the budget year for the implementation of the enhanced Smog Check. The budget proposes to transfer \$2.0 million in the current year and \$3.3 million in the budget year from the High Polluter Repair or Removal Account to the Vehicle Inspection Repair Fund to repay a loan provided from that fund in the 2001-02 fiscal year. The 2001-02 budget contained a transfer of \$50 million from the High Polluter Repair or Removal Account to the General Fund. The 2001-02 mid-year revision also transferred an additional \$44 million in 2001-02. This has reduced expenditures for the Consumer Assistance Program that pays qualified consumers who voluntarily choose to retire their high polluter vehicles. The program also pays a portion of the consumer's repair bill in order to bring a vehicle into compliance with the requirements of the Smog Check Program. Expenditures for this program were \$46.4 million in 2000-01 and \$31.9 million in 2001-02. The budget proposes to reduce expenditures to \$21.1 million in the current year and \$20.4 million in the budget year due to the transfer of the funds to the General Fund and the loan repayment.

#### *Issues*

**1. Enhanced Smog Check Program.** AB 2637 (Cardoza), enacted in 2002, provided that the San Francisco Bay Area will be subject to the Enhanced Smog Check Program (Smog Check II) effective January 1, 2004. This is the last major urban area of the state to be included in the Smog Check II program. The bill appropriated \$5 million from the Vehicle Inspection and Repair Fund to the Bureau of Automotive Repair (BAR) for implementation of the program.

The budget proposes additional spending of \$428,000 and 3.6 PYs in the current year and \$2,743,000 and 23.1 PYs in the budget year to implement AB 2637. Positions established for initial inspections (5.3 PYs in 2003-04) would not be permanent positions. In addition, the workload for the Consumer Information Center would increase from 3.0 PYs in 2003-04 to 6.0 PYs on going.

***Are these amounts reasonable?***

***Would there be any savings if the program was delayed?***

**2. Smog Check II Program – Telephone Referral System for Test-Only Stations.**

The California Emissions Testing Industries Association (CETIA) developed a 24-hour per day telephone referral system that provides callers the three closest locations to the telephone they dial from in either English or Spanish. The dialer could also select a telephone number other than the one they are calling from if they preferred a location close to another telephone number. The stations were rotated so that each station was mentioned first an equal number of times. There was no requirement that the station owner be a member of the association. The participating test-only stations paid for the cost of the telephone system. A test-only station did not need to be a member of the association to be on the system. The system costs a subscriber \$72.50 per month plus long distance charges averaging \$3 to \$5 per month. This system received about 10,000 calls per month. This system was discontinued in March 2001.

BAR has a web site with information by zip code or city regarding test-only stations. The information is available only in English. The Department of Consumer Affairs (DCA) has an 800 number that provides a list of three randomly selected stations by zip code. From 8 a.m. to 6 p.m. on weekdays, you can talk to an individual in either English or Spanish.

BAR expends about \$20,000 per year on the automated telephone system. There is a charge of \$400 per month and an additional charge per phone call. There are approximately 156,000 calls per year. In addition, a live operator talks to over 100,000 consumers regarding the test-only stations.

***How does the current 800 number work?***

***What is the total cost of the system?***

***How many hours of staff support are devoted to the system?***

***What are the overhead charges to the system?***

***How many calls are received through the automated system per month?***

***Are there plans to make the information available in other languages on the web site?***

***Staff Comment: Ackerman asked that this issue be included in the agenda.***

**3. Loan from the Vehicle Inspection and Repair Fund.** The budget act authorized a loan from the Vehicle Inspection and Repair Fund to the General Fund of \$5 million in 2001-02 and \$100 million in 2002-03. The budget proposes an additional loan to the General Fund of \$5 million in 2003-04. This will leave an ending balance of \$22.5 million on June 30, 2004.

The balance is equal to 21.3 percent of budget year expenditures. The Department of Consumer Affairs has stated that the Vehicle Inspection and Repair Fund would be able to loan an additional \$9 million to the General Fund in the 2003-04 fiscal year. This would leave a fund balance of \$13.5 million or about 13 percent of budget year expenditures.

***Should the loan to the General Fund be increased from \$5 million to \$14 million?***



## 1111 Office of Privacy Protection

The Office of Privacy Protection (OPP) is mandated to “provide information to consumers on effective ways of handling complaints that involve violations of privacy related laws, including identity theft and identity fraud” and to “develop information and educational programs and materials to foster public understanding” of privacy rights. OPP is located in the Department of Consumer Affairs.

OPP was funded at \$755,000 (GF) in 2001-02 and \$860,000 (GF) in the current year. The current year funding reflects a reduction of \$212,000 included in SB 19X that was approved by the Senate on February 24. The proposed budget of \$527,000 includes a reduction of \$529,000 and 1.4 PYs. This is a reduction from 7.1 PYs to 5.7 PYs or nearly 20 percent.

### Issues

#### **1. Identity Theft Detail of the Southern California High Tech Crimes Task Force.**

The budget proposes the elimination of 1 Senior Investigator and 0.5 Staff Services Analyst position for savings of \$99,000 (GF). The investigator investigates identify theft cases and serves as OPP’s liaison to the Task Force. This is the only investigator position for OPP. OPP will have to rely on local law enforcement to investigate identity theft cases.

***Should the investigator position be eliminated?***

**2. Consumer Information and Education Programs.** The budget proposes a reduction of \$414,000 (GF) or 41 percent of OPP’s total budget to reduce funding for consumer information and education programs. This budget was reduced by \$212,000 in SB 19X. OPP will continue to provide the public with information and assistance by relying on the Internet web site and Public Service Announcements. OPP contends that individual assistance to identity theft victims and others with privacy concerns will be provided through e-mail and a toll-free telephone line.

***How many phone calls does the Office of Privacy Protection receive monthly?***

***Will the public service announcements be as effective as the paid advertisements?***

***What about consumers who want information without using the Internet either because they do not have access to the Internet or because of privacy concerns?***

## Consumer Affairs - Loans to the General Fund

The budget proposes a variety of loans from the unexpended balances of special funds to the General Fund. The budget also proposes trailer bill language similar to last year's trailer bill language, as follows:

- 1) The loan is authorized in the 2003-04 Extraordinary Session or the 2003 Budget Act;
- 2) The terms and conditions of the loan are set forth in the loan authorization, including an interest rate;
- 3) The loan is considered part of the balance of the fund or account; and
- 4) A fee or assessment may not be increased as a result of the loan.

The bill also provides that moneys loaned may not be considered a transfer of resources for purposes of determining the legality of the use of those funds.

The bill requires the Director of Finance to order the repayment of all or a portion of the loan if it is determined that 1) the fund or account from which the loan was made has a need for the money or 2) the need for the moneys in the fund or account that received the loan no longer has a need for the money.

**1. Board of Architectural Examiners.** The budget proposes a loan of \$1 million from the California Board of Architectural Examiners-Landscape Architects Fund to the General Fund. This would leave a fund balance of \$525,000, or about 75 percent of the annual expenditures.

***Should the fund balance be reduced to \$300,000 (11% of expenditures) by increasing the loan to the General Fund by \$225,000 to \$1,225,000?***

The California Board of Architectural Examiners Fund has a balance of \$2.3 million or about 83 percent of budget year expenditures.

***Should the fund balance be reduced to \$500,000 (18% of expenditures) by approving a loan of \$1.8 million to the General Fund?***

**2. Contractors' State License Board.** The budget proposes a loan of \$5 million from the Contractors' License Fund to the General Fund. The \$11 million current year loan would be repaid in September 2003. This proposed loan and the repayment of the current year loan would leave a 2003-04 fund balance of \$10.7 million or about 23 percent of the annual expenditures.

***Should the fund balance be reduced to \$7.7 million (15 percent of expenditures) by increasing the loan to the General Fund by \$3 million of \$8 million with a repayment date of September 2004?***

**3. Dental Board.** The budget proposes a loan of \$5 million from the State Dentistry Fund to the General Fund, in addition to the current year loan of \$5 million approved in last year's budget. This proposed loan would leave a 2003-04 fund balance of \$1.7 million or about 24 percent of the annual expenditures.

***Does the Subcommittee wish to approve the loan?***

**4. Acupuncture Board.** The budget proposes a loan of \$1 million from the Acupuncture Fund to the General Fund. This proposed loan would leave a 2003-04 fund balance of \$1.0 million or about 33 percent of budget year expenditures.

***Should the fund balance be reduced to \$500,000 (16% of expenditures) by increasing the General Fund loan by \$500,000 to \$1.5 million?***

**5. Court Reporters Board.** The budget proposes a loan of \$1 million from the Court Reporters Fund to the General Fund. This proposed loan would leave a 2003-04 fund balance of \$551,000 or about 87 percent of budget year expenditures.

***Should the fund balance be reduced to \$300,000 (48% of expenditures) by increasing the General Fund loan by \$250,000 to \$1.25 million?***

**6. Board of Vocational Nursing and Psychiatric Technicians.** The budget proposes a loan of \$1 million from the Vocational Nurse Examiners Fund to the General Fund. This proposed loan would leave a 2003-04 fund balance of \$1.8 million or about 42 percent of the annual expenditures.

***Should the fund balance be reduced to \$700,000 (17% of expenditures) by increasing the General Fund Loan by \$1 million to \$2 million?***

The budget also proposes a loan of \$1 million from the Psychiatric Technicians Account Vocational Nurse and Psychiatric Technician Examiners Fund to the General Fund. This proposed loan would leave a 2003-04 fund balance of \$395,000 or about 33 percent of the annual expenditures.

***Should this loan be approved as budgeted?***

**7. Bureau of Security and Investigative Services.** The budget proposes a loan of \$4 million from the Private Security Services Fund to the General Fund. This proposed loan would leave a 2003-04 fund balance of about \$2 million or about 28 percent of the annual expenditures.

***Should this loan be approved as budgeted?***

**8. Board of Chiropractic Examiners.** The State Board of Chiropractic Examiners Fund has a fund balance of nearly \$5 million and budget year expenditures of only \$2.3 million.

***Should the fund balance be reduced to \$974,000 (40 percent of budget year expenditures) by approving a loan to the General Fund of \$4 million?***

**9. Board of Occupational Therapy.** The budget proposes a loan of \$1 million from the Occupational Therapy Fund to the General Fund. This proposed loan would leave a 2003-04 fund balance of \$913,000 or about 150 percent of the annual expenditures.

***Should this loan be approved as budgeted?***